



United States Department of Agriculture

Farm and Foreign Agricultural Services
Risk Management Agency

November 30, 1999

INFORMATIONAL MEMORANDUM: R&D-99-064

TO: All Reinsured Companies
All Risk Management Agency Field Offices

FROM: Tim B. Witt
Deputy Administrator

SUBJECT: Arizona-California Citrus Production Determinations

ISSUE:

A question has been raised regarding the proper method for determining the number of cartons of fresh citrus production for both claims and Actual Production History (APH) purposes.

BACKGROUND:

The 2000 Crop Insurance Handbook (see pgs. 158 and 199) and the Arizona-California (AZ-CA) Citrus Crop Provisions provide that the unit of measure is cartons based on a standard size container (not on a weight basis) for the crop/type. Except for fresh citrus fruit "over packed" for export markets, no conversion is required for fresh citrus fruit packed in standard size containers for either APH or loss adjustment purposes.

The crop provisions and AZ-CA Citrus Loss Adjustment Handbook also provide that in the absence of marketing records on a carton basis, production will be converted to cartons on the basis of net pounds of packed fruit in a standard packed carton.

ACTION:

The policy and procedures do not present any options when determining the amount of fresh fruit packed into standard cartons when marketing records are available by carton or total packed pounds. Items 1-3 reiterate current procedures and item 4 provides additional instructions for "over packed" fresh fruit for export markets. Use these procedures for both APH and loss adjustment purposes.



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All Programs Authorized Under the Federal Crop Insurance Corporation

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1. Cartons are used when fresh citrus fruit is packed into standard size containers (as indicated in the crop provisions) and marketing records indicate the number of cartons (no adjustments required). Exception: Fresh citrus fruit “over packed” for export markets (See item 4 below).

Example: Packing records show that 8,120 boxes of the standard container size for the crop/type were packed. 8,120 boxes packed = 8,120 cartons of production for APH and loss adjustment purposes. Disregard the pounds per box (e.g., 40 lbs) that the processor packed if different than the average net pounds of packed fruit in a standard packed carton for the crop/type (i.e., 38 lbs.).

2. Citrus production without marketing records on a carton basis must be converted to cartons on the basis of average net pounds of packed fruit for the standard packed carton.

Example: Packing records show 90,820 total pounds were packed. The number of boxes of the standard container size packed is not available from the packer. The number of cartons is determined by dividing the total pounds by the average net pounds for the standard container size for the crop/type as indicated in the crop provisions (i.e., 38 lbs.).
 $90,820 \text{ lbs.} \div 38 \text{ lbs.} = 2,390 \text{ cartons.}$

3. Fresh citrus fruit packed in different size containers than indicated in the crop provisions (1/2 cartons, holiday packs, 20 lb. bags, etc.) must be converted to standard cartons on the basis of average net pounds of packed fruit for the standard packed carton.
4. Fresh citrus fruit “over packed” for export markets. Some foreign buyers require packers to pack additional fruit into standard size containers (e.g., as much as 50 lbs. of Navel Oranges may be packed in a #58, 38 lb. container) prior to shipment overseas. In these situations, the containers are “over packed” and the fruit is slightly compressed. “Over packed” production must be converted to equivalent standard packed cartons. If the marketing record clearly indicates that the fruit was packed for an export market and the cartons are “over packed,” the total packed weight must be divided by the average net pounds of fruit specified for the standard packed carton for the crop/type.

If you have any questions please contact the Product Development Division at (816) 926-7733.

DISPOSAL:

This Informational Memorandum is for the purpose of transmitting information. The expiration date is December 31, 2000.